

**CITY OF HORSESHOE BAY**  
**CITY COUNCIL MEETING**  
**MINUTES**

The City Council of the City of Horseshoe Bay held a Public Meeting at City Hall March 29, 2016, beginning at 9:00 a.m. in accordance with duly posted notice of said meeting with the following members present:

Stephen T. Jordan, Mayor  
Craig Haydon, Mayor Pro Tem  
Cynthia Clinesmith, Council Member  
Jerry Gray, Council Member  
Reagan Lambert, Council Member  
David Pope, Council Member

The posted agenda for this meeting is made a part of these minutes by attachment and the minutes are herewith recorded in the order the agenda items were considered, with the agenda item number and subject shown preceding the applicable paragraph.

1. Call the Meeting to Order and Establish a Quorum: Mayor Jordan called the meeting to order at 9:00 a.m. Council Member Reagan Lambert gave the invocation.
2. Discuss Progress and Future Plans with Long Range Planning Advisory Committee: Committee Chairman Jim Long updated the Council on the number of responses to their survey. He said that there had been over 700 responses to the online survey and approximately 25 completed hard copies of the survey. Mr. Long reported in addition to the City's Notify Me, the HSB POA sent emails to their membership and The Resort will be sending it to 1900+ members this week. The deadline for completing the survey would be April 18<sup>th</sup>. A land use workshop was scheduled for Wednesday, March 29<sup>th</sup>, at 3:00 p.m. at Quail Point.
3. Discuss Impact Fee Ordinance Review Process by City Manager and Grady Reed of HDR Engineering, Inc.: Mayor Jordan reported the impact fee was adopted in 2013 and he believed it was very important for the Council to stay up to date on this. City Manager Stan Farmer reported State Statute requires impact fee ordinances be updated at least every 5 years but could be done sooner if conditions changed. Grady Reed with HDR Engineering explained this process in order to bring the Council up to speed. He explained an Impact Fee was a one-time, up-front payment levied on new or expanded development; however, the City made a decision when the fee was adopted to not charge it to development in HSB West. Impact Fees can only be used to pay for growth caused by development and any area in the City's ETJ can be subject to the fee which can be collected up front or on a schedule. Mr. Reed said the City last updated the impact fee in September of 2013 and should the Council choose to go ahead and do an update sooner, HDR's realistic cost estimate was approximately \$26,000 to complete the review at this time. Mr. Reed explained the process for reviewing the impact fee along with a timeline of about four months to get it approved. Council Member Gray inquired where the funding would come from and Mr. Farmer



reported there were plenty of options he could find in the budget and this item was not on the agenda for action today. Mr. Farmer said if the Council was interested in moving forward he suggested coming back in August or September after the budget process for FY17 to see where there might be money left in the FY16 budget.

4. Discuss, Consider and Take Action Regarding Resolution Relating to the Giving of Notice of Intention to Issue City of Horseshoe Bay, Texas Combination Tax and Revenue Certificates of Obligation, Series 2016; and Declaring an Effective Date by Finance Director: Finance Director Larry Anderson stated the funds available were sufficient to pay the final payment on the Street Improvement Plan as well as the sealcoating project, if approved by the Council. He said at this point staff recommended not proceeding with the issuance of Certificates of Obligation at this time. Mr. Anderson said he had asked the City's financial advisor about the need to do this early in the year. He was told that because this was an election year there would be less need to issue Certificates of Obligation early in the year. He said the City's financial advisor, Specialized Public Finance would be keeping an eye on the bond market and he would come back to the Council if they thought it was necessary to proceed. Council Member Pope made the motion to continue using the Rate Stabilization Fund to fund the Capital Improvement projects and delay issuance of the Certificates of Obligation until the City actually needed that funding, seconded by Mayor Pro Tem Haydon. Motion passed unanimously (5-0).

The Council adjourned for a recess at 10:18 a.m.

The regular meeting resumed at 10:27 a.m.

5. Discuss, Consider and Take Action Regarding Fire Engine Replacement Plan by City Manager and Fire Chief: Fire Chief Joe Morris told the Council due to the length of time necessary to build fire apparatus (approximately 300 days), it was critical to make decisions soon regarding replacing the City's aging fleet in a timely manner. He reported the two options as ordering one engine immediately with a delivery in FY17 and delay the ordering of the second engine until this time next year with a delivery date of FY18 or order both engines immediately with delivery simultaneous for both in FY17. Chief Morris then explained that financing was available through multiple lenders. One quote from Government Capital had a rate of 2.69% on a 10 year note. He reported this option would allow the City to replace both front line engines now, receive multiple-unit discounts, pre-payment discounts and defer any payments until FY18 or they could be purchased with City funds. The Fire Department implemented a Fire Apparatus Committee to look at several manufacturers and to write the specifications for the engine replacement plan. After completing the assessment, Chief Morris' recommendation was that the City of Horseshoe Bay purchase two replacement fire engines from Ferrara Fire Apparatus Inc. Chief Morris reported Ferrara Fire Apparatus, Inc. was an established manufacturer with a certainty of being capable of furnishing parts, service and technical assistance for the next twenty (20) years and they were a participating manufacturer with the Buy Board Purchasing Cooperative, thus meeting State mandated bidding requirements. Chief Morris reported the Fire Department Apparatus Committee had toured the facility and met with the senior management of the company. The committee had also met with other fire department officials that had purchased apparatus from Ferrara Fire Apparatus Inc. and all reports spoke very highly of the quality of workmanship as well as the customer service provided. Chief



Morris reported the projected cost of a replacement engine was \$511,601 for a total of \$1,023,202 for both engines; however if the City ordered and financed both apparatus the City would be eligible for multiple discounts including a multi-unit discount of \$10,000 and a pre-payment discount of 3%. This would lower the unit price to \$491,403 for a total of \$982,806 for two engines. Chief Morris and City Manager recommended the City order two engines immediately, finance the purchase over a 10 year note at 2.69% and defer any payments until FY18. Both trucks would be delivered in the next fiscal year, approximately 300 days after ordered. Chief Morris said the two engines to be replaced could be sold for approximately \$100,000. City Manager Farmer recommended that Council instruct staff to move forward with the process and bring all contracts for financing and construction to City Council at the April meeting for review. Chief Morris said his next step would be to return to the manufacturer to "spec out" the design specifications of the engines. Council Member Gray asked if there was any option to purchase the engines without financing. City Manager Farmer said there was the six month operating reserve but he would be hesitant to use that. Finance Director Anderson said he would highly recommend against using the Operating Reserve Fund because that was one of the things a lot of the bond rating companies looked at and the amount of the Operating Reserve fund was one of the reasons the City had a AA+ bond rating. Mr. Anderson said the City could issue CO's but the interest rate the City was quoted was less than what the City could get on bonds right now. Council Member Clinesmith asked if there would be a penalty for prepayment. Mr. Anderson said that would be confirmed when staff looked at the finance documents. Council Member Clinesmith made the motion to move forward and bring back the financing paperwork and the purchasing contracts for Council review at the April meeting, seconded by Council Member Gray. Motion passed unanimously (5-0).

6. Discuss, Consider and Take Action Fire Department Personnel Compensation Time Payout by City Manager and Finance Director: City Manager Farmer reported that in January the Council voted to stop paying Fire Department overtime with compensation time. He said that left a bank of time which created a liability to the City and could potentially grow if the person received a pay increase. Mr. Farmer said there are currently 15 Fire Department personnel and they have accumulated over 4700 hours and when calculated using their current hourly rates, amounted to an unfunded liability for the City equal to \$102,152. This practice was initially established by the Lake LBJ MUD to cut down on overtime pay and as the balance of comp time increased so did the amount of unfunded liability for the City. Mr. Farmer explained options ranged from paying out the amount in one lump sum to requiring firefighters to burn the time over a set time period, and any combination of those two scenarios. He reported that since this was not a budgeted expenditure this fiscal year, he recommending that the Council and staff revisit this matter near the end of the current fiscal year in August or September and use any available budget surplus in the General Fund to pay as much as possible out in an attempt to liquidate this unfunded liability and then pay the balance, if any, early in the 2017 fiscal year. Council Member Clinesmith made the motion to defer Council action on this item until later in this fiscal year, seconded by Mayor Pro Tem Haydon. Motion passed unanimously (5-0).
7. Update of All City Water & Wastewater Responsibilities Outside the City and Discuss, Consider and Take Action Regarding a Request by Cottonwood Shores to Renegotiate the Current Contract for Wastewater Treatment by City Manager and Community Services Director: Community Services Director Jeff Koska gave a detailed overview of the City's



current obligations to area communities to provide wholesale water to three areas and wastewater treatment services to two areas. He reported the City was now in the business of providing these services and he would like the Council's feel on whether the City would continue this service in the long term noting the City could not just stop at any given time without sufficient notice to the entities to allow them time to find another source for these services. Cottonwood Shores Mayor Donald Orr and Mayor Pro Tem Stephen Sherry were present and they had recently approached the City about renegotiating their agreement for wastewater treatment services. Mr. Koska said these type agreements to provide services do result in the need for increased capacity, but the rate the City charges for them reflect this cost. He said the City's wastewater plant currently was approaching the amount of permitted capacity and staff had scheduled engineering to begin in FY 2018 with construction to end in FY 2019. The expansion would add 400,000 gallons per day capacity which would put the capacity at 1.2 million gallons per day with estimated costs at \$3,775 million. Mr. Koska's recommendation was to authorize the Mayor, City Manager and him to begin renegotiation of the wastewater treatment services agreement with Cottonwood Shores and report back to the Council with periodic updates and when final approval was needed. Council Member Gray made the motion to authorize the Mayor, City Manager and him to begin renegotiation of the wastewater treatment services with Cottonwood Shores and report back to the Council with periodic updates and for final approval when necessary, seconded by Council Member Pope. Motion passed unanimously (5-0). Mr. Koska said the plants were built to expand when necessary instead of having to start completely over with construction. The consensus of the Council was there was no reason to change at this time and to continue to serve the neighbors in this capacity. Mr. Koska said as the contracts come up for renewal staff will give the Council three to six months advance notice.

8. Discuss Transportation Issues Regarding Discussions with TxDOT by Mayor and City Manager: Mayor Jordan reported on the meeting with Llano County Judge Mary Cunningham and Commissioner Peter Jones regarding their lack of representation of the City's needs regarding TxDOT projects. He said the next day Stan Farmer and he met with the TxDOT District Engineer and the new TxDOT Area Engineer Cathy Kratz regarding Llano County's lack of support for the City's projects and they were very receptive. Mayor Jordan said since that meeting TxDOT had suggested a monthly call with City staff and Mr. Farmer had been in touch with Ms. Kratz and they were looking at what could be done at the FM 2831 and Golden Nugget intersection. Mr. Farmer said they brought up all the City's proposed projects and confirmed they were in Llano County's Transportation Plan. Mr. Farmer said the improvement to the left hand turn lane off Hwy 71 onto 2147 was already included in the TxDOT plan to improve Hwy 71 this summer and he suggested they add the improvements at Summit Rock Blvd since they are going right by there and they could repaint the left hand turn lane without doing any construction and then just construct a right hand turn lane onto Summit Rock Blvd. and make that intersection safe and she said she would look into that also. Mayor Jordan said the most costly project would be extending the center turn lane from Ferguson Road west to 2147 and it needed to be started in their process a couple of years in advance for funding and it was not because Llano County never identified it as a major project.
9. Discuss Citizen of the Year Award by Reagan Lambert and City Secretary: Council Member Reagan Lambert had suggested this idea and stated that while researching this it was found that most of this type awards came from the Chambers of Commerce. He said he feels there

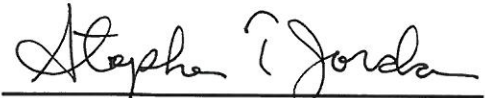


was the need to recognize people that go above and beyond for the City. The Council discussed whether was something the City should do or could it cause hard feelings because there are so many in Horseshoe Bay willing to donate their time to the City. After discussion the consensus of the Council was for Mayor Jordan to speak to the HSB Business Alliance to see if they might be interested in taking this on project.

10. Discuss Creation of a Citizens' Academy by City Manager: City Manager Farmer said this was a pretty common project for cities. He said citizens learn more about the City and could then act as ambassadors. Classes would be for about 10-15 at one time and he would like to do a fall semester and a spring semester. Council thought it was a good idea. Mr. Farmer said he would come back with additional information for the Council.
11. Adjournment: Mayor Pro Tem Haydon made the motion to adjourn at 12:02 p.m., seconded by Council Member Pope. Motion passed unanimously (5-0).

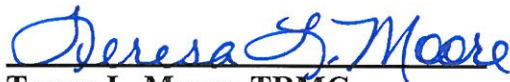
APPROVED this 19<sup>th</sup> day of April, 2016.

CITY OF HORSESHOE BAY, TEXAS



Stephen T. Jordan, Mayor

ATTEST:



Teresa L. Moore, TRMC  
City Secretary

